



COUNCILMEMBER DONNA FRYE

**City of San Diego
Sixth District**

MEMORANDUM

DATE: September 10, 2007

TO: David Wescoe, SDCERS Retirement Administrator

FROM: Councilmember Donna Frye *Donna Frye*

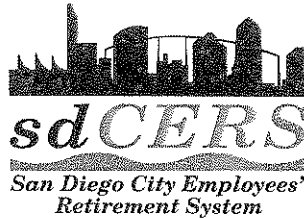
SUBJECT: Retirees Exceeding 415 (b) Limits

In previous correspondence (attached) regarding the Preservation of Benefit Plan, you have stated that it is currently unknown how many retirees exceed the 415(b) limits. Since the number of retirees involved in this plan is unknown please explain the assumptions and calculations used by SDCERS to arrive at the \$22.8 million reduction in the UAAL due to the Preservation of Benefit Plan.

Thank you for your prompt response.

CC: Honorable City Council
Honorable Mayor Sanders
City Attorney, Michael Aguirre
Independent Budget Analyst, Andrea Tevlin
Stanley Keller, Independent Monitor

DF/ks



DAVID B. WESCOE
Retirement Administrator

July 24, 2007

Kevin C. Smith
Policy Advisor and Press Secretary
Office of Councilmember Donna Frye
202 C Street, MS 10A
San Diego, CA 92101

Subject: Your July 19, 2007 Follow Up E-Mail

Dear Kevin:

I am writing in response to your e-mail on July 19, asking for the number of City employees currently receiving benefits that exceed the Internal Revenue Code section 415 (b) limits.

Because the 415 (b) limit applies only to members and beneficiaries who are already receiving benefits from SDCERS, current City employees cannot receive benefits in excess of the 415 (b) limit. As for retired City members and beneficiaries, we won't know the number whose benefits exceed the 415 (b) limits until the IRS approves SDCERS' testing methodology, which we expect will occur sometime this fall. When we receive this information, I'll get the numbers to you.

Please call me if you have any questions.

Sincerely,

David B. Wescoe

cc: Steven Hadley



RECEIVED
JUL 17 2007
COUNCILMEMBER
DONNA FRYE
RECEIVED

DAVID B. WESCOE
Retirement Administrator

JUL 18 2007
COUNCILMEMBER
DONNA FRYE

July 18, 2007

Kevin C. Smith
Policy Advisor and Press Secretary
Office of Councilmember Donna Frye
202 C Street, MS 10A
San Diego, CA 92101

BY HAND

Subject: Your June 27, 2007 E-Mail

Dear Kevin:

I am writing in response to your June 27 e-mail requesting documents related to SDCERS' IRS filings.

1. SDCERS' March 14 and March 20 submissions to the IRS have been copied onto the enclosed CD.
2. The IRS has not yet provided written responses to either March submission.
3. Because the IRS has not yet made a determination on the payment required to settle SDCERS' Voluntary Correction Program filings, SDCERS hasn't "billed" the City for any amounts in connection with these filings.
4. Until the IRS approves SDCERS' testing methodology, we can't identify the number of retired City employees who are eligible for benefits that exceed the Internal Revenue Code section 415(b) limits. And, unfortunately, once we have identified the affected members, I can't disclose their names to you because of their right to privacy as guaranteed by the California Constitution.

Please call me if you have any questions.

Sincerely,

David B. Wescoe

Enclosure



Why the Unfunded Actuarial Liability Decreased

(\$ in millions)

1)	Investment performance.....	\$ 158.9
2)	Asset smoothing method.....	183.8
3)	Contributions greater than expected.....	105.6
4)	Liabilities growing less than expected.....	46.3
5)	Proper treatment of disability benefits.....	9.9
6)	Proper treatment of IRS benefit limitations.....	22.8
7)	Addition of "contingent" liabilities.....	(112.7)
8)	Expected growth in the UAL.....	(21.4)
	Total decrease in UAL	\$ 393.2

